

Inqlis

ANNUAL REPORT 1975

Financial Highlights

	1975	1974
Sales	\$ 110,498,000	\$ 87,567,000
Net earnings	\$ 3,068,000	\$ 2,039,000
Per share	\$ 2.33	\$ 1.55
Dividends paid	\$ 526,000	\$ 461,000
Per share	\$.40	\$.35
Working Capital	\$ 19,731,000	\$ 16,934,000
Shareholders' equity	\$ 24,336,000	\$ 21,794,000
Per share	\$ 18.49	\$ 16.56

INGLIS LIMITED

14 Strachan Avenue, Toronto, Canada M6K 1W6

Report of the Board of Directors

To the Shareholders:

Your Directors present herewith the Annual Report of your Company for the year ended December 31, 1975.

Net sales for the year ended December 31, 1975 amounted to \$110,498,000 compared to net sales of \$87,567,000 for the year 1974. Net earnings for 1975 were \$3,068,000 or \$2.33 per share as compared to net earnings of \$2,039,000 or \$1.55 per share for 1974.

While sales and earnings for the year 1975 showed substantial improvement over sales and earnings for the year 1974, the comparability of the two years was affected by the strike at the Company's Toronto Plant which commenced in April 1974 and continued for nineteen weeks as previously reported.

Improvement in consumer demand for major appliances developed in the third quarter of 1975 and continued through to the end of the year. Current industry forecasts reflect increased volumes in 1976 over 1975 although the effect of wage and price controls on consumer spending and Company earnings has yet to be determined.

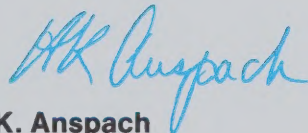
In October 1975 Mr. Robert B. Willemin resigned as Chairman of the Board but is continuing to serve as a Director. Mr. Conde G. Maiden was elected Chairman of the Board and Chief Executive Officer, and Mr. Herbert K. Anspach was elected President and Chief Operating Officer.

Your Directors wish to record their appreciation of the loyalty, support and efforts of the Company employees during the year.

On behalf of the Board,



Conde G. Maiden
Chairman of the Board
and Chief Executive Officer



Herbert K. Anspach
President
and Chief Operating Officer

February 25, 1976

Balance Sheet

December 31, 1975 (with comparative figures for 1974)

INGLIS LIMITED

(Incorporated under the laws of Ontario)

Assets	1975	1974
Current assets		
Accounts receivable (note 2)	\$11,563,000	\$10,875,000
Inventories (note 1)—		
Finished products	12,128,000	25,938,000
Materials and work in process	10,921,000	15,045,000
	23,049,000	40,983,000
Prepaid expenses	504,000	409,000
Total current assets	35,116,000	52,267,000
Fixed assets (note 1)		
Land	499,000	424,000
Buildings	6,854,000	6,565,000
Equipment	13,194,000	12,388,000
	20,547,000	19,377,000
Less accumulated depreciation	9,731,000	8,645,000
	10,816,000	10,732,000
Unamortized tooling costs	966,000	1,178,000
	11,782,000	11,910,000
	\$46,898,000	\$64,177,000

On behalf of the Board:

Conde G. Maiden, Director

Herbert K. Anspach, Director



Liabilities	1975	1974
Current liabilities		
Bank advances (note 2)	\$ 1,210,000	\$16,974,000
Accounts payable, warranties and accrued charges	10,163,000	16,066,000
Income and other taxes payable	2,700,000	1,278,000
Deferred service contract revenue (note 1)	1,312,000	1,015,000
Total current liabilities	15,385,000	35,333,000
Provision for warranty (note 1)	1,430,000	1,350,000
Deferred income taxes (note 1)	1,747,000	1,700,000
Long-term debt (note 3)	4,000,000	4,000,000
Shareholders' equity		
Capital—		
Authorized 1,500,000 shares of no par value		
Issued 1,315,831 shares	11,814,000	11,814,000
Retained earnings	12,522,000	9,980,000
	24,336,000	21,794,000
	\$46,898,000	\$64,177,000

(See accompanying notes to financial statements)

Statement of Earnings

INGLIS LIMITED

For the year ended December 31, 1975 (with comparative figures for 1974)

	1975	1974
Sales	<u>\$110,498,000</u>	<u>\$87,567,000</u>
Earnings on operations before the undernoted . . .	<u>\$ 8,694,000</u>	<u>\$ 6,357,000</u>
Less:		
Depreciation and amortization	1,660,000	1,360,000
Interest on long-term debt	376,000	450,000
Other interest expense	<u>1,356,000</u>	<u>870,000</u>
	<u>3,392,000</u>	<u>2,680,000</u>
Earnings before income taxes	5,302,000	3,677,000
Income taxes (note 1)	<u>2,234,000</u>	<u>1,638,000</u>
Net earnings for the year	<u>\$ 3,068,000</u>	<u>\$ 2,039,000</u>
Earnings per share	<u>\$ 2.33</u>	<u>\$ 1.55</u>

Statement of Retained Earnings

INGLIS LIMITED

For the year ended December 31, 1975 (with comparative figures for 1974)

	1975	1974
Retained earnings at beginning of year	\$ 9,980,000	\$ 8,402,000
Net earnings for the year	<u>3,068,000</u>	<u>2,039,000</u>
	13,048,000	10,441,000
Dividends	<u>526,000</u>	<u>461,000</u>
Retained earnings at end of year	<u>\$12,522,000</u>	<u>\$ 9,980,000</u>

(See accompanying notes to financial statements)

Statement of Changes in Financial Position

INGLIS LIMITED

For the year ended December 31, 1975 (with comparative figures for 1974)

	1975	1974
Working capital at beginning of year	\$16,934,000	\$15,293,000
Source of funds:		
Operations—		
Net earnings for the year	3,068,000	2,039,000
Depreciation and amortization	1,660,000	1,360,000
Deferred income taxes	47,000	500,000
Increase in long-term warranty provision	80,000	50,000
	4,855,000	3,949,000
Application of funds:		
Additions to fixed assets (net)	1,532,000	1,847,000
Dividends	526,000	461,000
	2,058,000	2,308,000
Increase in working capital	2,797,000	1,641,000
Working capital at end of year	\$19,731,000	\$16,934,000

(See accompanying notes to financial statements)

Notes to Financial Statements

INGLIS LIMITED

December 31, 1975

1. Summary of principal accounting policies

Inventories—

Inventories are valued at the lower of cost on a first-in, first-out basis or net realizable value.

Fixed assets—

Land, buildings and equipment are stated at cost. Depreciation is based on the estimated average useful lives of the various classes of assets, calculated on the straight-line method. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts and any gain or loss thereon is taken into earnings. Major tooling costs are amortized over one to five years based on the estimated useful life of the tool.

Service contract revenue—

Service contract revenue is deferred on receipt and amortized over the one year term of the service contract.

Product warranty—

The company recognizes the estimated cost of warranty obligations to the consumers of its products at the time the product is sold.

Income taxes—

As a result of differences in the timing of expenses for tax and book purposes, income taxes currently payable differ from the provision for taxes shown on the statement of earnings. The income tax effect of this difference is included in deferred income taxes.

Investment tax credits—

Federal investment tax credits are recognized as a reduction in the provision for income taxes in the years in which such credits are claimed for tax purposes.

Foreign exchange—

Current liabilities in United States currency have been converted into Canadian dollars at the rate of exchange in effect at December 31, 1975.

2. Bank advances

Accounts receivable and inventories have been pledged to the bank as security for the bank advances and term loan.

3. Long-term debt

The term loan of \$4,000,000 due on June 29, 1976 is not included as a current liability because refinancing arrangements are under negotiation. The interest rate on the loan is .5% above the bank prime rate and at December 31, 1975 the effective rate was 10.25%.

4. Directors' and senior officers' remuneration

The aggregate direct remuneration for the year paid or payable to directors and senior officers amounted to \$476,000.

5. Commitments

Based on the latest actuarial valuation of the company's pension and retirement plans, it is estimated that the unfunded obligation of the company for pension benefits in respect of service by employees to December 31, 1975 is approximately \$2,000,000. The decrease of \$900,000 from the previous year's estimate resulted principally from increased employee turnover and changes in earlier actuarial estimates.

The obligation will be funded and absorbed against income by fourteen annual payments to the Trustee.

6. Anti-inflation program

Effective October 14, 1975 the federal government passed the Anti-Inflation Act and subsequently issued Regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation the company is subject to mandatory compliance with controls on prices, profit margins, employee compensation and shareholder dividends. The effects on the company of the Regulations on prices, profit margins and employee compensation are not yet clear owing to uncertainties as to interpretation and the need to develop appropriate data from the company's records. Under current regulations dividends to the company's common shareholders during the year ending October 13, 1976 may not exceed \$.40 per share.

Auditors' Report

To the Shareholders of Inglis Limited:

We have examined the balance sheet of Inglis Limited as at December 31, 1975 and the statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada, February 11, 1976.

Clarkson, Gordon & Co.
Chartered Accountants

Five Year Statistical Review 1971—1975

(In Thousands of Dollars)

INGLIS LIMITED

*1971 strike
in to plant*

	1975	1974	1973	1972	1971
Operations					
Sales	\$110,498	\$87,567	\$92,027	\$78,074	\$65,137
Earnings before income taxes	\$ 5,302	\$ 3,677	\$ 6,422	\$ 5,130	\$ 1,756
Per cent to sales	4.8%	4.2%	7.0%	6.6%	2.7%
Net earnings before extraordinary items*.	\$ 3,068	\$ 2,039	\$ 3,660	\$ 2,616	\$ 858
Per cent to sales	2.8%	2.3%	4.0%	3.4%	1.3%
Per share	\$ 2.33	\$ 1.55	\$ 2.78	\$ 1.99	\$.65
Net earnings for the year	\$ 3,068	\$ 2,039	\$ 3,660	\$ 2,616	\$ 1,327
Per cent to sales	2.8%	2.3%	4.0%	3.4%	2.0%
Per share	\$ 2.33	\$ 1.55	\$ 2.78	1.99	\$ 1.01
Earned on shareholders' equity	13.3%	9.7%	19.8%	16.9%	9.8%
Dividends paid	\$ 526	\$ 461	\$ 198	—	—
Per share	\$.40	\$.35	\$.15	—	—
Depreciation on buildings and equipment	\$ 1,149	\$ 985	\$ 744	\$ 719	\$ 744
Amortization of tooling	\$ 511	\$ 375	\$ 400	\$ 433	\$ 642
Amortization of preproduction expenses	—	—	—	\$ 451	\$ 452
Additions to buildings and equipment—net	\$ 1,233	\$ 1,431	\$ 3,197	\$ 1,303	\$ 430
Additions to tooling	\$ 299	\$ 416	\$ 1,068	\$ 390	\$ 310
Balance Sheet					
Working capital	\$ 19,731	\$16,934	\$15,293	\$14,006	\$10,654
Ratio of current assets to current liabilities	2.28:1	1.48:1	1.91:1	1.92:1	1.72:1
Land, buildings and equipment—net	\$ 10,816	\$10,732	\$10,286	\$ 7,833	\$ 7,249
Unamortized tooling	\$ 966	\$ 1,178	\$ 1,137	\$ 469	\$ 512
Long-term debt	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Shareholders' equity—					
Capital	\$ 11,814	\$11,814	\$11,814	\$11,814	\$11,814
Retained earnings	\$ 12,522	\$ 9,980	\$ 8,402	\$ 4,940	\$ 2,324
	\$ 24,336	\$21,794	\$20,216	\$16,754	\$14,138
Number of shares outstanding (in thousands)	1,316	1,316	1,316	1,316	1,316
Book value per share	\$ 18.49	\$ 16.56	\$ 15.36	\$ 12.73	\$ 10.74
Non-Financial					
Number of employees (year end)	1,933	2,225	2,173	1,985	1,904
Number of shareholders (year end)	974	1,013	1,072	1,145	1,286

* Extraordinary items were income tax credits in 1971.

In 1972 the basis of accounting for service contract revenue was changed to defer the revenue over the life of the service contract; this change has been given retroactive effect and the figures for the year 1971 have been restated accordingly.

Directors

Donald S. Anderson

Herbert K. Anspach

Charles-É. Bélanger

Sidney L. Boyar

Air Marshal Hugh Campbell, C.B.E., C.D.

James D. Irving

Conde G. Maiden

Douglas J. Peacher

R. Barrett Simpson

Humphrey B. Style

Robert B. Willemin

Bankers

The Royal Bank of Canada
20 King Street West,
Toronto, Canada M5H 1C4

Auditors

Clarkson, Gordon & Co.
P.O. Box 251,
Toronto-Dominion Centre,
Toronto, Canada M5K 1J7

Transfer Agent and Registrar

Canada Permanent Trust Company
20 Eglinton Avenue West,
Toronto, Canada M4R 2E2
600 Dorchester Boulevard West,
Montreal, Canada H3B 1N6

Stock Exchanges

Common Stock of Inglis Limited
is listed on The Toronto Stock Exchange
and the Montreal Stock Exchange.

The exchange symbol for Inglis Limited is ING.

Officers

Conde G. Maiden

Chairman of the Board
and Chief Executive Officer

Herbert K. Anspach

President and Chief Operating Officer

R. Barrett Simpson

Vice President—Finance,
Treasurer and Secretary

Gordon I. Forsell

Vice President—
Inglis and Whirlpool Sales

Arthur E. Franzen

Vice President—
Sales to Simpsons-Sears

Bruce H. Gilbert

Vice President—
Manufacturing

Peter A. Ketchum

Vice President—
Physical Distribution

G. D. Smith

Vice President—
Personnel

Edward J. Von Arb

Vice President—
Engineering

Donald H. Hobbs

Assistant Secretary

The complete Inglis product line is listed below:

automatic washers
automatic dryers
refrigerators
ranges
dishwashers
Trash Masher compactors
water heaters
dehumidifiers
fuel pumps
coin operated laundry equipment
commercial icemakers

Inqilis

INGLIS LIMITED

14 Sturgeson Avenue, Toronto, Canada M6K 1W6

AR12

Manufacturers and Distributors of:

automatic washers
automatic dryers
refrigerators
ranges
dishwashers
Trash Masher compactors
water heaters
dehumidifiers
fuel pumps
wringer washers
twin tub washers
coin operated laundry equipment
commercial icemakers

Fill
Inqlis

Fill
Inqlis

INGLIS LIMITED

14 Strachan Avenue, Toronto, Canada
M6K 1W6

INTERIM REPORT 1975

6 months ended June 30, 1975

Interim Report 1975

Statement of Earnings

	Period of Three Months Ended June 30	
	1975	1974
Sales	\$24,519,000	\$19,333,000
Earnings before undernoted items	\$ 1,647,000	\$ 184,000
Deduct:		
Depreciation and amortization	406,000	349,000
Interest	577,000	235,000
	983,000	584,000
Earnings (loss) before income taxes	664,000	(400,000)
Provision for income taxes (credit)	293,000	(172,000)
Net earnings (loss) for the period.....	\$ 371,000	\$ (228,000)
Per share	\$.29	\$ (.17)

Statement of Changes in Financial Position

Source of funds:

Operations—

Net earnings (loss) for the period	\$ 371,000	\$ (228,000)
Depreciation and amortization	406,000	349,000
Deferred income taxes	16,000	(30,000)
Increase in long-term warranty provision	15,000	20,000
	808,000	111,000

Application of funds:

Dividends	131,000	132,000
Additions to fixed assets (net)	254,000	161,000
	385,000	293,000

Increase (decrease) in working capital	423,000	(182,000)
Working capital at beginning of period	17,296,000	16,358,000
Working capital at end of period	\$17,719,000	\$16,176,000

NOTE: The above financial statements are unaudited.

Inqlis

Period of Six Months
Ended June 30

1975	1974
<u>\$42,994,000</u>	<u>\$43,744,000</u>
<u>\$ 3,236,000</u>	<u>\$ 2,118,000</u>
 799,000	 757,000
<u>1,105,000</u>	<u>419,000</u>
<u>1,904,000</u>	<u>1,176,000</u>
<u>1,332,000</u>	<u>942,000</u>
<u>587,000</u>	<u>405,000</u>
<u>\$ 745,000</u>	<u>\$ 537,000</u>
<u>\$.57</u>	<u>\$.41</u>

<u>\$ 745,000</u>	<u>\$ 537,000</u>
<u>799,000</u>	<u>757,000</u>
<u>45,000</u>	<u>75,000</u>
<u>30,000</u>	<u>38,000</u>
<u>1,619,000</u>	<u>1,407,000</u>
 263,000	 197,000
<u>571,000</u>	<u>327,000</u>
<u>834,000</u>	<u>524,000</u>
<u>785,000</u>	<u>883,000</u>
<u>16,934,000</u>	<u>15,293,000</u>
<u>\$17,719,000</u>	<u>\$16,176,000</u>

Interim Report 1975

Statement of Earnings

Sales	
Earnings before undernoted items	
Deduct:	
Depreciation and amortization	
Interest	
Earnings (loss) before income taxes	
Provision for income taxes (credit)	
Net earnings (loss) for the period	
Per share	

Statement of Changes in Financial Position

Source of funds:

Operations—	
Net earnings (loss) for the period	
Depreciation and amortization	
Deferred income taxes	
Increase in long-term warranty provision	

Application of funds:

Dividends	
Additions to fixed assets (net)	

Increase (decrease) in working capital	
Working capital at beginning of period	
Working capital at end of period	

NOTE: The above financial statements are unaudited.

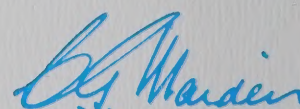
To the Shareholders:

Sales by the Company in the quarter ended June 30, 1975 were \$24,519,000 as compared to sales of \$19,333,000 in the corresponding period last year, an increase of 27%. Sales for the six month period ended June 30, 1975 were \$42,994,000 as compared to sales of \$43,744,000 for the first six months of 1974, a decrease of about 2%.

Operations resulted in net earnings of \$371,000 or 29¢ per share for the 1975 second quarter and \$745,000 or 57¢ per share for the 1975 first half as compared to a loss of \$228,000 or 17¢ per share and net earnings of \$537,000 or 41¢ per share respectively for the corresponding periods in 1974.

While sales and earnings for the 1975 second quarter showed substantial improvement over the second quarter of 1974, the comparability of the two periods is affected by the strike at the Company's Toronto plant which commenced on April 5, 1974 and continued for nineteen weeks.

Operating results for the first half of 1975 were adversely affected by low consumer demand for major appliances and consequent curtailment of production levels. There has been some recent strengthening in consumer demand for appliances and it is expected that the market will continue to improve during the balance of the year.



Conde G. Maiden
President and Chief Executive Officer

August 15, 1975.